

Message Text

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SUBJECT: MEETING OF EXPERTS ON INFORMATION EXCHANGE

USDOC FOR BEWT/HEISS

REF: STATE 249222

1. SUMMARY: DURING PAST THREE YEARS SOVIETS HAVE REACTED CONSISTENTLY AND NEGATIVELY TO SUGGESTIONS THAT USSR REVEAL DATA ON DOMESTIC ECONOMIC PERFORMANCE TO FOREIGNERS (AND SPECIFICALLY TO REPRESENTATIVES OF EX-IM BANK AND OTHER U.S. FEDERAL OFFICIALS. THIS RESPONSE EXPRESSED ON VARIOUS OCCASIONS BY FOREIGN TRADE MINISTER PATOLICHEV, FINANCE MINISTER GARBUZOV, GOSBANK CHAIRMAN SVESHNIKOV, FOREIGN TRADE BANK CHAIRMAN IVANOV AND THEIR SUBORDINATES CAUSES EMBASSY TO QUESTION (1) TYPES OF DATA U.S. MAY EXPECT TO OBTAIN UNDER TERMS OF ARTICLE III OF LONG-TERM ECONOMIC, INDUSTRIAL AND TECHNICAL COOPERATION AGREEMENT SIGNED JUNE 1974 IN MOSCOW, AND (2) APPROACHES MOST LIKELY TO ELICIT MAXIMUM QUANTITY OF DESIRABLE INFORMATION. END SUMMARY.

2. PAST EFFORTS TO CONVINCE SOVIETS THAT EX-IM BANK MUST HAVE CERTAIN AGGREGATE FISCAL AND MONETARY DATA HAVE BEEN COUNTERED ON SOVIET SIDE BY ONE OR MORE OF FOLLOWING TACKS:
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(A) SOVIET LAW TREATS SUCH INFORMATION AS SECRET AND

PROHIBITS DIVULGING; (B) SUCH REQUESTS ARE NOTHING MORE THAN FURTHER ATTEMPTS TO PRESSURE USSR AND TO INTERFERE IN INTERNAL SOVIET AFFAIRS--THE INFORMATION IS NOT NECESSARY TO OTHERS; (C) ALL SOVIET FOREIGN BORROWINGS ARE GUARANTEED BY GOVERNMENT OF SOVIET UNION, WHOSE CREDIT IS GOOD--LEVELS OF SOVIET GOLD RESERVES ARE UNRELIABLE AS GUIDE TO ABILITY TO REPAY DEBTS, AS FLUCTUATIONS IN LEVEL OF JAPANESE GOLD RESERVES OVER PAST YEAR DEMONSTRATE. EXPRESSED BY SOVIETS TO SUCH U.S. OFFICIALS AS TREASURY SECRETARY SHULTZ, COMMERCE SECRETARIES PETERSON AND DENT, FORMER EX-IM BANK CHAIRMAN KEARNS AND FEDERAL RESERVE BOARD CHAIRMAN BURNS, THESE RESPONSES SUGGEST THAT AMERICAN GROUP PLANNING VISIT MOSCOW FOR EARLY FEBRUARY MEETING WITH SOVIETS ON EXCHANGE OF ECONOMIC INFORMATION MAY FIND IT PRODUCTIVE TO CONCENTRATE REAL EFFORTS ON OBTAINING DATA ABOUT INDIVIDUAL INDUSTRIAL SECTORS WHILE OF COURSE REPEATING FOR RECORD REQUESTS FOR DATA ON BROADER AGGREGATES. THIS APPROACH PROMISES TO BE RELATIVELY MORE FRUITFUL ALSO BECAUSE U.S. SIDE CAN ARGUE WITH REASON THAT MOST IMPORTANT AREAS ABOUT WHICH INFORMATION IS NEEDED ARE THOSE IN WHICH USSR HAS INDICATED IT WELCOMES FOREIGN PARTICIPATION, AND THAT POTENTIAL AMERICAN COOPERATORS CANNOT EVALUATE ADVANTAGES OF INVESTMENT IN SOVIET INDUSTRY WITHOUT COMPARABLE INFORMATION ON COSTS/BENEFITS OF VARIOUS ALTERNATIVE INVESTMENT OPPORTUNITIES.

3. ON BASIS PREVIOUS WESTERN EXPERIENCE IN ELICITING INFORMATION FROM SOVIET OFFICIALS, THE FOLLOWING PROJECTED SCENARIO FROM SOVIET SIDE SEEMS LIKELY:

1) SOVIETS WILL STRESS PRELIMINARY CHARACTERS OF DISCUSSIONS AT HAND AND ASK US SIDE FOR DETAILED INFORMATION ABOUT TYPES OF ECONOMIC INFORMATION WE PLAN TO PROVIDE AND WHAT WE EXPECT IN RETURN FROM THEM;

2) ASSUMING THAT WE ARE IN POSITION TO GIVE CLEAR IDEA OF WHAT US WANTS, SOVIETS' INITIAL RESPONSE WILL BE AGREE TO STUDY OUR REQUEST WHILE MAKING NEGATIVE NOISES ABOUT EXTENT OF OUR DEMANDS;

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3) IF WE PUSH HARD FOR CONCRETE RESULTS DURING MEETING, SOVIETS WILL PROBABLY:

A) CLAIM THAT THE INFORMATION WE WANT GOES INTO AREAS WHICH WILL BE DETERMINED BY 1976-1980 FIVE YEAR PLAN, WHICH IS STILL IN PREPARATION;

B) CLAIM THAT NO SUCH REQUESTS HAVE BEEN

RECEIVED IN THEIR BILATERAL RELATIONS WITH ANY OTHER WESTERN COUNTRY;

C) ALLUDE TO SOVIET REGULATIONS WHICH PROHIBIT TRANSMISSION TO FOREIGNERS OF AT LEAST SOME TYPES OF THE INFORMATION WE HAVE REQUESTED;

D) ALLEGE THAT HIGHER-LEVEL APPROVAL IS REQUIRED BEFORE THEY CAN DO ANYTHING;

4) IF U.S. SIDE TAKES VERY STRONG STAND AT THIS MOMENT AND IF AMERICANS ARE READY TO PROVIDE SIGNIFICANT U.S. ECONOMIC DATA, SOVIETS MAY BE PREPARED TO GIVE (A) SOMEWHAT SCANTY AND HIGHLY AGGREGATED PRELIMINARY PLAN TARGETS, PERHAPS INCLUDING GNP, INDUSTRIAL PRODUCTION AND GROSS INVESTMENT PERCENTAGE INCREMENTS OVER NEXT FIVE-YEAR PLAN PERIOD, (B) LIST OF SPECIFIC PROJECTS TO WHICH THEY WANT TO INVITE ATTENTION OF U.S. INDUSTRY, POSSIBLY INCLUDING PLANT LOCATIONS, PROJECTED PRODUCTION CAPACITY, PROJECTED CONSTRUCTION TIME FRAMES, ETC., AND (C) INDICATIONS OF RELATIVE PRIORITIES AMONG INDUSTRIAL BRANCHES DURING NEXT FIVE-YEAR PERIOD. IT SEEMS HIGHLY DOUBTFUL THAT ANYTHING MORE THAN GENERALIZED FORECASTS OF FOREIGN TRADE PROJECTIONS COULD BE PROVIDED TO U.S. DELEGATION.

4. WHILE INFORMATION OF TYPE DESCRIBED ABOVE MAY PROVE DISAPPOINTINGLY SPARSE, EVEN THAT MUCH WILL NOT BE FORTHCOMING UNLESS U.S. SIDE PRESENTS CLEAR, PRECISE REQUESTS. IT IS IMPORTANT THAT AMERICANS INDICATE FROM THE START THAT EITHER SOVIETS MUST BE PREPARED TO PROVIDE THEIR SHARE OF SIGNIFICANT INFORMATION OR THERE IS LITTLE POINT IN PURSUING THIS PROVISION OF ARTICLE III OF AGREEMENT.

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5. WHILE EMBASSY ASSUMES AND RECOMMENDS THAT U.S. DELEGATION TO MEETING OF EXPERTS ON INFORMATION EXCHANGES (REFTEL) PLANS SEEK FULL AND COMPLETE DATA ON SOVIET ECONOMY, IN VIEW OF PAST SOVIET RELUCTANCE TO PROVIDE SUCH INFORMATION, WE WOULD HOPE THAT THE FOLLOWING SPECIFIC TYPES OF DATA AT A MINIMUM WILL BE SOUGHT FROM SOVIET SIDE: (1) ALL AVAILABLE GENERAL INFORMATION ON PRODUCTION FIELDS IN WHICH SOVIETS EXPECT TO INVITE US FIRMS TO INVEST; (2) COMPLETE DIRECTORY OF THOSE SOVIET INDUSTRIAL ENTERPRISES TO BE STARTED WITHIN 1976-1980 FIVE-YEAR PLAN PERIOD FOR WHICH AMERICAN ROLE IS PROJECTED - DATA TO INCLUDE FULL DESCRIPTION OF EACH PROJECTED PLANT, WITH TYPES OF COMMODITIES TO BE PRODUCED AND MINISTRY SUBORDINATION WITHIN SOVIET HIERARCHY; (3) DESCRIPTIVE LIST OF ALL CONSTRUCTION PROJECTS ON WHICH AMERICAN BIDDING MAY BE ENCOURAGED DURING FIFTEEN-YEAR LONG RANGE PLAN TO 1990. IN BRIEF, EMBASSY RECOMMENDS

ASKING SOVIETS FOR SUFFICIENT DATA TO PERMIT INTERESTED US
FIRMS TO UNDERTAKE FEASIBILITY STUDIES
FOR EACH PROJECT IN WHICH USSR MAY WANT US PARTICIPATION.
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